

VZCZCXRO5590  
OO RUEHCN RUEHGH RUEHVC  
DE RUEHBJ #3610/01 2620819  
ZNY CCCCC ZZH  
O 180819Z SEP 08  
FM AMEMBASSY BEIJING  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9981  
INFO RUEHOO/CHINA POSTS COLLECTIVE  
RHEHNSC/NSC WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 003610

SIPDIS

E.O. 12958: DECL: 09/18/2033

TAGS: [PGOV](#) [PREL](#) [CH](#)

SUBJECT: LI JUNRU ON U.S.-CHINA RELATIONS, UPCOMING CCP  
THIRD PLENUM

REF: OSC/FBIS CPP20080910346006

Classified By: Ambassador Clark T. Randt, Jr. Reasons 1.4 (b/d)

Summary

1. (C) Chinese Communist Party (CCP) Central Party School (CPS) scholars discussed U.S.-China Relations, the Party's upcoming Third Plenum and domestic reform issues at a September 11 lunch hosted by the Ambassador for CPS Vice President Li Junru. The scholars agreed that U.S.-China relations are "stable and sound" and will continue to improve under the "responsible stakeholder" and "constructive partnership" concepts in spite of trade, human rights and other areas of disagreement. One scholar expressed concern about "negative" remarks on China by U.S. presidential candidates. CPS Vice President Li said the Third Plenum (of the CCP's 17th Party Congress Central Committee selected in October 2007) will discuss the "Henan model" of rural reform, which promotes simultaneous industrial and rural development, and that the Party's priority following the 30th anniversary of reform and opening will be expanding the private sector by giving more help to small and medium-size enterprises. Li said China needed to do more to expand citizens' rights. His description of possible political reform left the impression that such plans do not intend to radically alter China's current political system. End Summary.

U.S.-China Relations "Stable and Sound"

2. (C) At a September 11 lunch for Central Party School Vice President Li Junru and CPS scholars, the Ambassador asked his guests for their views on U.S.-China relations. Professor Gong Li, Deputy Director of the International Strategy Institute and an expert on the history of U.S.-China relations, said that since 2001, U.S.-China relations have been "relatively stable and sound." In Gong's view, the impact of the "responsible stakeholder" concept offered by the United States to describe China and of the "constructive partnership" idea coined by China to characterize bilateral relations has been very positive. Applying these two concepts to future relations, Gong said, would bring the two countries even closer together.

3. (C) Professor Gong acknowledged that continuing problems, such as trade disputes, ideological differences, and disagreements over human rights, have the potential to harm relations. However, he said, it is "normal for two great powers" to have differences and conflicts in a changing world. The two countries share strategic interests and face the same challenges in the context of globalization, especially the need to cooperate on counter-terrorism, global warming and economic problems.

4. (C) Turning to the question of Taiwan, Professor Gong said that even on that issue the two sides can find common interests and both have contributed to stability in

cross-Strait relations. Neither side "wants war over Taiwan," Gong said, and such thorny issues can be solved if "handled well."

#### Concerns Regarding Presidential Candidates

-----

¶15. (C) Liu Jianfei, Director of the Diplomacy Research Division at CPS and a professor in the International Strategy Institute, agreed with Gong's positive characterization of bilateral relations but expressed concern over reported "negative" remarks made by U.S. presidential candidates regarding China. Liu noted that while President Bush has been a strong advocate of better U.S.-China relations, the reported comments by Senators Obama and McCain raised questions as to whether the next President would depart from Bush Administration policy. Liu claimed that Senator Obama called for protection of American labor from further "loss of jobs" to China and that Senator McCain criticized China's human rights and proposed a "League of Democratic Nations." Such an organization, Liu speculated, "will definitely exclude China," while protectionist trade policies or an emphasis on human rights could cause trouble in bilateral relations. Liu asked for the Ambassador's views on the future of U.S.-China relations.

¶16. (C) The Ambassador responded that U.S.-China policy has been consistent through seven U.S. presidential administrations, Republican and Democratic, and therefore a major policy change is unlikely. He stressed that the shared strategic interests of the United States and China are clear, and policy will flow from these interests.

BEIJING 00003610 002 OF 003

#### Korea Policy Suggestions

-----

¶17. (C) CPS Vice President Li offered suggestions for U.S. policy toward the DPRK, which he said he visited two years previously. He urged the United States to engage in direct dialogue with the DPRK and to replace the armistice agreement with a peace agreement. The Ambassador responded that the United States, with its partners in the Six-Party Talks, is working hard to achieve a peaceful, prosperous and non-nuclear Korean Peninsula.

#### Third Plenum: "Henan Model"

-----

¶18. (C) In response to the Ambassador's question as to why the 17th Party Congress Central Committee's Third Plenum, to be held in October, will focus on rural issues rather than on macroeconomic issues typical of Third Plenums in the past, VP Li said that rural problems need to be tackled in order to continue the momentum of economic growth. He stated that further "integrating social and economic development," including rural problems and agriculture, is a high priority for the Party this year. The influence of China's "feudal" tradition remains strong in China's rural society and economy even today, Li added.

¶19. (C) Li said that Henan Province's recent success in promoting the simultaneous development of industry and agriculture caught the central leadership's attention, and that the Plenum will discuss the "Henan model," which demonstrates that rapid urbanization serves rural interests. Li noted that Party General Secretary Hu Jintao just completed an official visit to the province. (Note: See ref for Xinhua's report on Hu's September 8-10 visit to Henan.)

#### 30th Anniversary of Reform: Focus on Private Sector

-----

¶10. (C) Asked whether the Party's commemoration in December of the 30th Anniversary of reform and opening would include

any new reform initiatives, VP Li said there will be a push to further "liberate" the private sector with a focus on small and medium-size enterprises (SMEs). He said that as part of this initiative, the Government recently abolished some of the fees required of SMEs and will soon earmark one billion RMB (USD 146 million) in the Central budget for financial support to SMEs. Both measures, he said, were recommendations to the Central Committee from a CPS working group headed by CPS Research Center Deputy Director Zhou Tianyong.

¶11. (C) Li stated that as labor intensive industries decline as a result of new technology, private SMEs will absorb excess labor. He said the strategy of boosting the private sector rests on "two legs": high-tech innovation and moving more SMEs into the ranks of China's top 500 companies. In response to the Ambassador's comment that service sector employment has been one of the solutions to similar developments in the United States, Li said China pays close attention to U.S. economic trends.

#### Emancipating the Mind

-----

¶12. (C) Li said the basic meaning of the reform slogan "Emancipate the Mind," endorsed by the October 2007 17th Party Congress and heavily emphasized by Hu Jintao since then, is "liberation from the Soviet model of development" and the establishment of "China's own model." In 1979, he said, the world's two largest communist countries, the Soviet Union and China, made historic decisions with respect to their future development. The Soviet Union invaded Afghanistan, and China launched the era of reform, economic development and opening to the outside world. The results, Li declared, "are clear to everyone."

¶13. (C) Li said that in his view the "deeper meaning" of the slogan is that China still has much work to do in four respects: establishing a market economy, including all-round development, not just GDP growth; developing an "advanced" culture; achieving good governance; and promoting political reform. The goal of political reform, he asserted, is "democracy."

#### What is Political Reform and Democracy?

-----

¶14. (C) Cautioning that the final form of democratic politics in China will be "suited to the realities of China," Li

BEIJING 00003610 003 OF 003

talked primarily of China's need to focus on "citizens' rights" and "empowerment," rights that he noted are guaranteed in China's Constitution. He said the four main kinds of rights that China needs to ensure are the rights to information, to participation, to expression and to "supervision" (codeword for a citizen watchdog function over government). Achieving these rights, he said, requires "redesigning institutions."

¶15. (C) In response to the Ambassador's observation that the Party's focus on "people as the foundation" (yi ren wei ben) in making policy may raise expectations regarding rights that cannot be satisfied in the short run, Li acknowledged that in the past the Party did not sufficiently protect these rights. This was especially true of local officials, he said, who even now are not laying enough emphasis on solving the problems of "the weak." China is moving from an over-emphasis on the collective to greater attention to individual needs, such as property rights, rights to expression and other rights contained in the Constitution, Li claimed.

¶16. (C) However, Li said, collectivism is still China's core social philosophy, so the challenge is how to meet individual needs within this framework. China is facing new problems in

providing aid to "weaker" individuals and groups in the market economy. Although local officials are paying attention to these groups, they do not see them as a priority or as their main responsibility. He said the Center's policy is that people are responsible for their own fate, but the Government should provide them with the means to help themselves. To help fulfill this policy, China has finally moved to the point where it can pay more attention to reforming social institutions. The reform and opening era launched by Deng Xiaoping first addressed the injustices of the Cultural Revolution, then dealt with the country's basic needs such as food, and now has turned to reforming political and economic institutions and systems.

¶17. (C) With respect to political institutions, Li said, China is considering two types of democracy, "electoral democracy" and "consultative democracy." Saying that China is looking into various forms of voting procedures, he mentioned unspecified "breakthroughs" in National People's Congress elections and cited progress in the role of the Chinese People's Political Consultative Conference as examples of "participatory" democracy. (Comment: These examples suggest that intended political reforms will result in little departure from the current political structure.)

#### Biographical Information

-----

¶18. (C) CPS Vice President Li Junru has visited the U.S. east and west coasts many times but for the first time will soon visit Texas, where he has been invited to speak. The trip will also take him to speaking engagements in Mexico and Cuba. Two years ago, Li visited the DPRK and shared his impressions with Stanford University Professor John Lewis.

¶19. (C) Professor Gong Li has been a professor at the Central Party School for 20 years and prior to that was a professor in the Heilongjiang Province Academy of Social Science. He is an expert on the history of U.S.-China relations. He is Deputy Director of the CPS Research Institute on International Strategy. Gong has visited Harvard's Fairbank Center for East Asian Studies "many times."

RANDT